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AMO'S RESPONSE TO "RENTAL HOUSING PROTECTION ACT: FUTURE DIRECTIONS"

THE ASSOCIATION OF MUNICIPALITIES OF ONTARIO
September 1988

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ASSOCIATION OF MUNICIPALITIES OF ONTARIO

The Association of Municipalities of Ontario, a non-partisan voluntary organization, is united to promote the values of the municipal government system and the status of the municipal level of government as a vital and essential component of the total inter-governmental framework of Ontario and Canada.

The Association acts as the collective voice of Ontario's municipal governments and is organized to accomplish through cooperation and coordination, what the majority have neither the time nor the resources to do individually.

The Association represents some seven hundred (700) municipal governments throughout Ontario. The governing body is composed of some eighty (80) municipal elected and appointed officials, who in turn represent a wide-range of municipal government interest.

The following sections and affiliated municipal professional associations form an important part of the Association's structure and therefore, play an important part in its activities in terms of the Board of Directors, program and policy development:

Association Sections:

* County and Regional Section
* Large Urban Section
* Northern Ontario Section (FONOM/NOMA)
* Rural Section (ROMA)
* Organization of Small Urban Municipalities Section

Association Affiliates:

* Association of Municipal Clerks and Treasurers of Ontario
* Association of Municipal Tax Collectors of Ontario
* Municipal Engineers Association
* Ontario Municipal Administrators Association
* Ontario Municipal Personnel Association
* Ontario Municipal Social Services Association
* Society of Directors of Municipal Recreation of Ontario
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TABLE OF CONTENTS

	Page
EXECUTIVE SUMMARY	i
BACKGROUND	1
INTRODUCTION	1
STEPPING BACK TO LOOK AT THE FOREST	2
DEVELOPING GENERAL HOUSING PRINCIPLES	3
ALTERNATIVES FOR THE FUTURE	5
Repeal the Act	5
Prohibit Changes of Rental Units	6
Repeal the Act and Introduce Alternative Measures	6
Modify the Existing Act	7
Shift from Mandatory to Permissive Legislation	8
The Scope of the Act	8
Criteria for Approval	9
Appeals Process	10
Approval Process for Condominium Applications	10
UNRESOLVED CONCERNS	11
Potential Conflict with Municipal Zoning By-Laws	11
Lack of Comprehensive Data	11
Provincial-Municipal Planning	12
SUMMARY OF RECOMMENDATIONS	13

EXECUTIVE SUMMARY

The purpose of the Rental Housing Protection Act is to preserve the existing stock of rental housing in Ontario. Under the Act, municipal councils must approve proposals to convert, demolish, renovate, sever into individual ownership, or otherwise change the use of rental housing. In April 1988, the Minister of Housing announced that the expiry date of the Act would be extended until June 30, 1989 in order to allow time for public consultation as the Ministry develops a replacement policy for the Act. This paper is the Association's response to the Ministry's discussion paper "Rental Housing Protection Act: Future Directions" and was approved by the AMO Executive Committee on September 23, 1988.

AMO welcomes the opportunity to respond to "Future Directions", but it is discouraging that the Provincial Government was unable to meet its original deadline to develop a suitable replacement policy. The Association acknowledges the intent of the Provincial Government to preserve rental housing stock, but is concerned that the Act may produce the opposite result of further reducing the incentive of the private sector to invest in rental housing supply. Changing the rules of the marketplace, such as extending the Act for yet another year, will dampen the already fragile investor confidence in the housing market. The participation of the private sector is critical in ensuring an adequate supply of rental housing.

The Association recommends that the Provincial Government repeal the Rental Housing Protection Act and introduce alternative measures. The Act simply adds another layer of bureaucracy to regulate an area where appropriate legislation already exists. Rather than create an entirely new set of legislative requirements, the Provincial Government should instead ensure that existing legal remedies and controls inherent in legislation such as the Planning Act, the Landlord and Tenant Act and the rent review system are fully used. The Government should address security of tenure by restoring conversion policies which local municipalities have under existing statues and provide lifetime tenancy for elderly tenants. The Association strongly urges the Province to make a commitment to private market participation in any solution to the rental housing shortage and to articulate financial incentives for new supply production and rehabilitation of existing rental units.

If the Government fails to repeal the Act, AMO offers a number of recommendations about how the current Act should be modified. The Association urges that a joint Ministry of Housing/AMO planning group be struck to develop a framework for dealing with the preservation of the existing supply of rental housing.

BACKGROUND

The purpose of the Rental Housing Protection Act (formerly Bill 11), which came into force in July 1986, is to preserve the existing stock of rental housing in Ontario. Under the Act, municipal councils must approve proposals to convert, demolish, renovate, sever into individual ownership, or otherwise change the use of rental housing.

The Act was originally scheduled to expire on June 30, 1988. However, in April 1988, the Minister of Housing announced that the sunset date of the Act would be extended for another year until June 30, 1989 in order to allow time for public consultation as the Ministry develops a replacement policy for the Act. The Minister's announcement was accompanied by the release of a discussion paper entitled "Rental Housing Protection Act: Future Directions" (hereafter referred to as "Future Directions").[1] This paper is the Association's response to "Future Directions".

INTRODUCTION

When the Rental Housing Protection Act was originally passed, the Association presented its views in "AMO Report 87-4, Response to the Rental Housing Protection Act" (hereafter referred to as AMO Report 87-4) in January 1987. Since the Act has not been changed, but merely extended, it is appropriate to briefly review AMO's position on the Act.

In AMO Report 87-4, the Association acknowledged the intent of the Provincial Government to preserve rental housing stock, but expressed concern that the Act may produce the opposite result of further reducing the incentive of the private sector to invest in rental housing supply. The participation of the private sector is critical in ensuring an adequate supply of rental housing.

Furthermore, AMO stressed the importance of the Province engaging municipalities as full partners in the development of a future framework for preserving the existing rental housing stock. In this spirit of municipal-provincial cooperation, AMO originally recommended that a joint Ministry of Housing/AMO planning group be struck to develop a framework for dealing with the preservation of rental housing after the sunset date and that the Rental Housing Protection Act expire on its original sunset date of June 30, 1988. While AMO fully expected that this process would have taken place, unfortunately the Ministry of Housing did not move on the establishment of the joint planning group.

As the original sunset date approached, it became clear that the Ministry had not developed a replacement mechanism for the Act as originally intended. AMO re-

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1 Although the Ministry's deadline for public comment on the paper was set for July 1, 1988, the Association has informed the Ministry that AMO's response would be forthcoming in the fall after AMO's Annual Conference. AMO had explained that with limited AMO staff resources and the number of housing initiatives the Ministry was circulating this spring, it would not be feasible to draft a response for review by AMO's membership by the original deadline. The Ministry responded that July 1 was a suggested deadline and that other parties would also be submitting their responses after July 1.

evaluated its original recommendation on the sunset date in light of current developments and on March 17, 1988 the Executive Committee of the Association passed the following motion:

> Whereas the Ministry of Housing has promised to consult with AMO prior to the termination of Bill 11;
>
> Therefore be it resolved that the Association request that the Bill be extended at least until such time as this consultation occurs and an alternative mechanism can be devised for those municipalities that may require one.

While AMO welcomes the opportunity to respond to "Future Directions", it is discouraging that the Provincial Government was not able to use the two years provided under the original sunset deadline to develop a suitable replacement policy. It is ironic that the Bill was originally passed in such haste that the Government felt that time did not permit for full consultation with affected parties, and yet the Government was unable to meet its own deadline for action.

STEPPING BACK TO LOOK AT THE FOREST

It is difficult to assess the Rental Housing Protection Act independently of the overall system of rent review in Ontario. Indeed, the Act is an outgrowth of impacts created by the rent review system. "Future Directions" invites comment on the consequences of development restrictions. Conventional wisdom warns not to lose sight of the forest for the trees. Before discussing AMO's response to "Future Directions", an individual tree, it is appropriate to take a step back and try to get a view of the "forest", the rent review system.

The rent review system in the province was originally started in 1975 to comply with the federal government's Anti-Inflation Program. Rent control was initially implemented on a temporary basis, but has now been in place for over a decade. Some government intervention in the housing market is warranted if certain segments of the public are unable to adequately provide shelter for themselves or if tenants face economic eviction because landlords raise rents to unaffordable levels.

Rent control has introduced fundamental distortions in the system of supply and demand in the housing market. Demand for housing by tenants in some markets has consequently increased because prices are suppressed below market level. Landlords, as suppliers of housing, are at the same time unwilling to provide more units if the rent they are able to charge does not offer a sufficient return on their investment. One remaining avenue for landlords to realize what they felt was a fair return on the capital invested in rental units was to convert rental units to condominiums.

The Rental Housing Protection Act effectively shuts down this option. The Act is intended to preserve the stock of rental housing in the province, but new construction and proper maintenance and repair are important components of preserving the stock. AMO believes that the Act offers no incentive for potential investors to finance the construction of any new units or for current landlords to maintain existing units. No amount of legislation, prosecution, or "government by decree" will substitute for the

Provincial Government providing the proper incentives for landlords and tenants to share its stated goal of preserving rental units in the Act itself. By offering a stick instead of a carrot, the Province has made the administration and enforcement of this Act cumbersome.

AMO is deeply concerned that in the long run the Rental Housing Protection Act will diminish investor's incentives to maintain their properties or invest in new development. "Future Directions" is optimistic about the participation of the private sector in the rental housing market. The report states that:

> "... the recent overhaul of Ontario's rent review system may be influencing potential investors to return to the rental housing sector. It is anticipated that the minimum return on investment which the new rent review system allows will result in even higher levels of rental production in the future."[2]

Experience with the new rent review system has not yet demonstrated that the Ministry's optimism about investors is warranted. The Ministry of Housing's own forecasts for 1988 provided in the report show that the contribution to rental housing supply of private investment and private-assisted government programs dropping from 55% in 1987 to 47% in 1988.

Adding units to the housing stock takes a considerable length of time and the private sector plays a vital role as a source of new units. Changing the rules of the marketplace, such as extending the Act for yet another year, will dampen the already fragile investor confidence in the housing market. Private sector participation in the housing sector will dwindle as potential investors will simply invest their capital in other sectors of the economy which offer greater reward and less risk to the individual investor.

To make up for the waning activity of the private sector, the Provincial Government will have to place increasing reliance on government-assisted housing. It is appropriate for the general public to support the effort to supply affordable housing for those with economic need. However, there is little evidence that the current system of rent review is benefiting those who need controlled rents the most since rent control is related to the unit, and not to the income level of the occupant.

DEVELOPING GENERAL HOUSING PRINCIPLES

The Ministry must realize that there are inherent conflicts in the general housing principles it seeks to incorporate as it develops a new policy. "Future Directions" outlines five basic principles which the province feels must be incorporated in a replacement policy:

1. the protection of our existing rental housing stock;

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2 Ontario Ministry of Housing, The Rental Housing Protection Act: Future Directions, April 1988, p. 12.

2. protection for tenants now living in our existing rental housing stock;

3. the encouragement and provision of suitable opportunities for home ownership;

4. the assurance of proper maintenance and the upkeep of general standards of all rental housing;

5. the equitable treatment of rental property owners.

Individually, these are all laudable goals, but the government must consider what incentives there are in the Act for landlords and tenants to ensure that these goals are realized. Without the proper incentive structure, not only will the Act become difficult to administer and enforce, but the goal of preserving rental stock will not be realized.

For example, the Act aims to assure proper maintenance and upkeep of rental units. However, the renovation and repair criteria are quite stringent. If a landlord wishes to renovate a rental unit, municipal council approval is required if the unit has been vacant for less than one year or if the tenants must be vacated in order to undertake the repairs. If vacant possession is needed, municipal council can approve the application only if the landlord will provide similar accommodation in the same area at the same rent for the displaced tenants. Given the extremely low vacancy rates in metropolitan areas in the province, a landlord is not likely to be able to comply with this criteria. The administrative burden of applying to municipal council to apply for renovation and repair work will undoubtedly discourage some landlords from undertaking necessary work on rental units.

Another conflict with the Ministry's housing principles is that the Act prevents a means by which many renters may be able to own their own homes through condominium conversions. The Provincial Government must not concentrate solely on the rental market, but on the housing market as well. Encouraging home ownership by addressing the shortage of affordable starter homes could help alleviate the competition for rental units.

The Ministry acknowledges in "Future Directions" that, "conversion of an apartment to condominiums can offer low cost home ownership on a far more economic basis than most other alternatives available".[3] At a time when the costs of home ownership are rising it seems counterproductive to limit a tenant's ability to purchase a home, particularly in cases where the majority of tenants in a building are in favour of conversion and tenure can be guaranteed for tenants who would prefer not to purchase their units. The decision by the Ontario Municipal Board to overrule York City Council's approval of conversion of the Walmer Road complex in May 1987 directly contradicts the majority of the principles the Ministry is trying to promote. In the short term it prevented physical rental units from being removed from the housing stock, but at the expense of offering home ownership and adequate maintenance for the tenants.

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3 "Future Directions", p. 34.

It is interesting that the aim of the Act is to preserve rental housing stock, whereas many of the other jurisdictions the Ministry surveyed concentrated their efforts on consumer protection. The Province's current approach of preserving existing units implies that the supply of rental units is a finite and fixed concept, and that physical quantities must be preserved. In reality, however, the stock of rental housing units is a dynamic and ongoing process. Units leave the stock through natural attrition on the one hand, and new units are added to the stock through new construction, renovation and conversion on the other. Efforts to address the conversion situation through consumer protection methods, such as providing security of tenure and guaranteeing the tenant right of first refusal, offer a more direct means of providing tenants needed protection without reducing the landlord's incentive to maintain units to an acceptable standards.

The Rental Housing Protection Act is intended to be part of the solution to an "affordable housing shortage". In reality, this legislation is a band-aid solution to the greater problems created by imposing a rent review system which stifles the necessary flow of new development into the housing stock. Studies show that the private sector does not produce enough "affordable" housing. This important need is traditionally filled by the government in the form of socially-assisted housing or incentive programs to the private sector. For those who are unable to afford adequate shelter, the problem may be a lack of income, rather than a lack of affordable housing. The response to this problem should take the form of some type of income and social assistance from the government, rather than in the form of a transfer of income from the landlord to the tenant. A rudimentary issue which the current system of rent review fails to resolve is affordability of housing.

ALTERNATIVES FOR THE FUTURE

"Future Directions" offers a number of solutions for consideration:

1. repeal the Act and do not implement other measures;
2. prohibit outright any changes to rental housing stock;
3. repeal the Act and introduce alternative measures;
4. modify the existing Act.

"Future Directions" dismisses the first two options as infeasible and seeks comment on its suggestions in the last two options. In this section, AMO will provide its assessment of these alternatives and offer its recommendations.

1. Repeal the Act

It remains to be seen whether simply repealing the Act, in conjunction with some reform of the rent review system, is not a viable solution. Certainly the Act addresses conversion problems which are not an issue in many municipalities. For some municipalities where the Act does not address a relevant issue, repealing the Act may be an

option. It seems unlikely that the Provincial Government would be able to adopt this option, however, given its stated commitment to providing affordable housing.

Proponents of the Act argue that the conditions which prompted the enactment of the Rental Housing Protection Act, such as low vacancy rates, have not significantly improved and therefore the Act should stay in force. While this may be true, the sustained low vacancy rates demonstrate that during the two years the Act has been in force, this legislation appears to have done little to ease the tight rental situation it was intended to address.

2. Prohibit Changes of Rental Units

Certainly an outright prohibition would discourage investment in the rental housing sector. Such a measure would significantly damage investor confidence and would be a serious infringement on individual property rights. The Association agrees with the Ministry that this measure should be avoided.

3. Repeal the Act and Introduce Alternative Measures

This option would repeal the Act and take alternative measures, such as providing for security of tenure, developing new incentive programs to increase private sector activity and developing incentive programs to preserve rental stock. The Association strongly supports this option.

The Rental Housing Protection Act simply adds another layer of bureaucracy to regulate an area where appropriate legislation already exists. Rather than creating an entirely new set of legislative requirements, the Provincial Government should instead ensure that existing legal remedies and controls inherent in legislation such Acts as the Planning Act, the Landlord and Tenant Act and the rent review system are fully used.

The Provincial Government should take alternative measures to ensure that any outstanding concerns are addressed. The Association agrees that providing security of tenure for existing tenants is an important means of protection during a rental shortage. It is also important that the government make special provisions to protect the elderly tenant.

RECOMMENDATION 1:

The Association recommends repeal of the Rental Housing Protection Act and that:

a) the Government restore conversion policies which local municipalities have under existing statutes; and,

b) the Landlord and Tenant Act be amended to provide for lifetime tenancy for tenants over 65 years of age as a condition of approving condominium conversions (37/1.7).

As indicated earlier in this paper, the Association feels strongly that the current rental housing regulatory system provides few, if any, incentives for the private sector to make a significant and meaningful contribution to the supply of rental housing units. The Rental Housing Protection Act also provides little incentive for landlords to maintain their rental units. Given the importance of the private sector in replenishing Ontario's rental housing stock, AMO feels that the Provincial Government must introduce alternative measures to encourage the private sector back to the market.

RECOMMENDATION 2:

The Association strongly urges the Provincial Government to make a commitment to private market participation in any solution to the rental housing shortages and that the Provincial Government articulate financial incentives for new supply production and rehabilitation of existing rental units.

4. Modify the Existing Act

The final proposal set forth in "Future Directions" modifies the existing Act and outlines certain specific areas of the legislation which could be amended. The general areas which were proposed for modification are as follows:

o shift from mandatory to permissive legislation;

o the scope of the Act;

o criteria for approval;

o appeal process;

o approval process for condominium applications.

AMO repeats that the Province should repeal the Rental Housing Protection Act and introduce alternative measures which more directly address issues of concern, such as security of tenure and incentives for private sector participation in the rental housing market. Modifying the Act would simply tinker with the flaws of an inappropriate piece of legislation. The current Act imposes unnecessary burdens on municipal councils and impairs the ability of a municipality to enforce its own by-laws. By adding yet another bureaucratic approval process, the Act in fact discourages the maintenance and repair work needed to preserve existing rental housing stock. For these reasons, the Association feels that repealing the Act would be a more effective measure then simply modifying it.

Although AMO strongly urges the Province to repeal the Act entirely and introduce more appropriate measures, AMO would like to comment specifically on some of the suggestions put forward by the Ministry. If the Province fails to repeal the Act, the recommendations offered by AMO in this section should be adopted in a modified version of the Rental Housing Protection Act.

Shift from Mandatory to Permissive Legislation

The blanket approach of the Act is inappropriate and infringes on the local autonomy of municipalities. The Rental Housing Protection Act is a response to the housing conversion problem in large urban municipalities. An appropriate policy response must be targeted in order to be effective. However, under the Act, **all** municipalities over 25,000 population must deal with **all** changes of use of rental housing, and **all** municipalities must deal with condominium conversions, whether or not a particular problem exists in their municipality.

Every community has its own unique housing situation and, as the local level of government, municipal councils are best able to respond to the housing needs of their community. Applying the Act province-wide in municipalities over 25,000 not only ignores local and regional differences in the housing market, but also completely overrules and discards any existing policies a municipal council may already have in place to respond to local housing conditions. A municipal council has every incentive to ensure that adequate housing is available for its citizens. It is noteworthy that in the Ministry's assessment of approaches followed in other areas, the majority of other jurisdictions which exercised some form of control over condominium conversion were local level governments, and not provinces or states.

One area of modification is to make the Act permissive, rather than mandatory. This would enable the Act to, in effect, be targeted to those areas where condominium conversions pose a real problem to the local housing supply. Such an amendment would recognize that rental housing conversions are a problem only in certain parts of the province. If the Province does not repeal the Act, AMO supports making the Rental Housing Protection Act permissive and giving municipalities the option to adopt those controls which local officials feel are appropriate in their area.

RECOMMENDATION 3:

The Association recommends that the Rental Housing Protection Act be permissive and give each individual municipality the option to adopt its development controls as council feels necessary to address the issue of rental housing in its local area as part of its overall approved housing strategy in its Official Plan.

The Scope of the Act

"Future Directions" offered some amendments to the scope of the Act for consideration. The extension of condominium conversion policies to housing which contains one or more units is unduly restrictive, particularly where conversions or vacancy rates are not a problem. AMO recommends that the unit exemption for condominium conversions be increased to four or less. This recommendation would ensure consistency throughout the Act and reduce the administrative burden on the municipalities charged with approval of condominium conversions. Furthermore, AMO notes that there has been confusion regarding the definition of "apartment hotels" and recommends that this issue be clarified in the Act.

RECOMMENDATION 4:

Given the additional administrative burden imposed by lowering the exemption to one unit or less, the Association recommends that the unit exemption for condominium conversions be increased to four or less. The Provincial Government should define the term "apartment hotel" and ensure that rental units are not converted into apartment hotel units.

The Association has already expressed its concern that the renovation and repair conditions of the Act are so stringent as to impede legitimate repair work. Failing Provincial repeal of the Act, AMO supports the proposal in "Future Directions" that "renovation and repairs be eliminated from coverage under the Act so as not to frustrate much needed repairs or upgrading or interfere with necessary building maintenance".[4] Proper maintenance and repair is an important step in preserving the supply of rental units.

RECOMMENDATION 5:

Given the need to maintain adequate incentives to landlords to undertake necessary repairs and renovations to rental units, AMO recommends that the renovation and repairs be eliminated from the Act so as not to frustrate or interfere with necessary building maintenance in order to meet with municipal standards.

Criteria for Approval

The Rental Housing Protection Act allows municipal councils to approve the prohibited activities if the application meets at least one of the following criteria is met.

- o In the case of a demolition or renovation, municipal council can approve the application if the property is unsafe and unfit for human habitation, unless the demolition or renovation is carried out.

- o Municipal council can approve the application if the applicant agrees to provide rental accommodation in the same area of similar quality and rent.

- o Municipal council can approve the application if it finds that the proposal does not adversely affect the supply of affordable rental housing in the municipality.

The Ministry would like feedback on whether or not more explicit criteria are necessary. Some find the criteria too vague and undefined, and yet others prefer the broad scope of the criteria which allows the flexibility to interpret the criteria in the context of an individual community. AMO believes that it is important to preserve as much flexibility as possible in order for municipalities to be able to interpret and apply the criteria to local circumstances.

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4 "Future Directions", p. 57.

RECOMMENDATION 6:

The current approval criteria should be preserved in order to maintain the flexibility municipalities require in order to apply the criteria to local circumstances. Furthermore, the Provincial Government should define the term "affordable" in such a way as to be consistent with its recent Policy Statement on Housing.

Appeals Process

The Act currently provides for an appeal to the Ontario Municipal Board and to Cabinet. The Association objects in principle to appeals to Cabinet and would support the recommendation that such an appeal be dropped.

RECOMMENDATION 7:

The Association recommends that an appeal to Cabinet be dropped as part of the appeals process of the Rental Housing Protection Act.

Approval Process for Condominium Applications

The Rental Housing Protection Act imposes a significant administrative burden on municipalities. Before the Act was passed, condominium approval authority was delegated to regional municipalities. Most regional municipalities, as well as some local municipalities, had also passed policies preventing condominium conversions below a certain vacancy rate. The effect of the Act was to supercede these carefully considered policies and give the approval authority for conversion to local municipalities, leaving applications for new condominiums with the regional government, and applications for condominium approval for an existing rental residential property exempt from the Act, to the Ministry of Municipal Affairs.

This fragmented approval process creates confusion and inconsistency, as well as a great duplication of effort. Therefore, the Association supports the return of the condominium approval authority to regional municipalities which had been responsible for approval before the Rental Housing Protection Act was imposed.

RECOMMENDATION 8:

In order to avoid inconsistency and duplication of effort, AMO recommends that the Ministry return condominium approval authority to municipalities which had been responsible for approval before the Act was enacted.

UNRESOLVED CONCERNS

Potential Conflict with Municipal Zoning By-Laws

The Association is greatly concerned with the potential conflict between municipal zoning by-laws and the requirements of the Rental Housing Protection Act. Prior to the Act, a municipality had the authority to impose a fine and require the removal of a rental unit built in contravention of the zoning by-law. The Act now requires that an application must be filed to remove such a unit.

As stated in Report 87-4, AMO rejects the application of an approval process in the situation of a municipality enforcing its own zoning by-laws. This issue should be discussed in the context of a provincial-municipal planning process. AMO feels that municipalities should review their by-laws in light of the housing shortage to see what can be done at the local level to help alleviate the situation. However, municipal by-laws should not be used as a scapegoat for the inability of the Provincial Government to foster the positive and stable investment climate required to entice meaningful private sector participation back to the rental sector.

RECOMMENDATION 9:

AMO recommends that municipalities be allowed to enforce municipal zoning by-laws and that the Act should not apply to units which contravene zoning by-laws.

Lack of Comprehensive Data

The Association is struck by the Ministry of Housing's lack of ability to assess the effects of the Rental Housing Protection Act during the two years that it has been in effect. As stated in "Future Directions":

> Unfortunately, comprehensive data indicating the extent of the loss of affordable rental stock resulting from conversions, renovations and demolitions is unattainable. In most Ontario municipalities information on these activities is either unavailable or kept on a piecemeal basis.[5]

While AMO can appreciate the difficulty of keeping precise data about changes in rental housing stock, it is incumbent upon the Provincial Government to ensure that it develops the means to evaluate the effectiveness of its housing strategies over time. Without clearly identifying the scope of the problems the Rental Housing Protection Act is intended to address, the Government will not be able accurately assess the success and need for its policies.

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5 "Future Directions", p. 4.

RECOMMENDATION 10:

Recognizing the importance of information as a means of policy evaluation, the Association recommends that the Provincial Government develop the capability to assess and monitor the loss of rental stock resulting from conversions, renovations and demolitions in order to evaluate the appropriateness and effectiveness of the Rental Housing Protection Act.

Provincial-Municipal Planning

The Provincial Government and municipal councils across the Province have a common interest in ensuring that no member of the general public be left without adequate shelter. Since the Rental Housing Protection Act relies on municipalities for its implementation and administration, municipalities must be consulted and treated as full partners in the development of a future framework for addressing the shortage of rental housing. When the Rental Housing Protection Act is repealed, the Association would strongly urge the Province to establish a planning group to develop a replacement policy for the Act.

RECOMMENDATION 11:

The Association recommends that a joint Ministry of Housing/Association of Municipalities of Ontario planning group be struck to develop alternative measures to the Rental Housing Protection Act and to develop a framework for dealing with the preservation of the existing supply of rental housing; and

That the Ministry of Housing provide staff resources to the planning group.

Since the new deadline for expiry of the Act is June 30, 1989, the Association would request that this process begin as soon as possible in order to allow enough time for development of a replacement mechanism which can be reviewed by the AMO Board of Directors.

SUMMARY OF AMO RECOMMENDATIONS

1. The Association recommends repeal of the Rental Housing Protection Act and that:

   a) the Government restore conversion policies which local municipalities have under existing statutes; and,

   b) the Landlord and Tenant Act be amended to provide for lifetime tenancy for tenants over 65 years of age as a condition of approving condominium conversions (37/1.7).

2. The Association strongly urges the Provincial Government to make a commitment to private market participation in any solution to the rental housing shortages and that the Provincial Government articulate financial incentives for new supply production and rehabilitation of existing rental units.

Recommendations 3-10 are made in the event that the Rental Housing Protection Act is not repealed, as recommended by the Association.

3. The Association recommends that the Rental Housing Protection Act be permissive and give each individual municipality the option to adopt its development controls as council feels necessary to address the issue of rental housing in its local area as part of its overall approved housing strategy in its Official Plan.

4. Given the additional administrative burden imposed by lowering the exemption to one unit or less, the Association recommends that the unit exemption for condominium conversions be increased to four or less. The Provincial Government should define the term "apartment hotel" and ensure that rental units are not converted into apartment hotel units.

5. Given the need to maintain adequate incentives to landlords to undertake necessary repairs and renovations to rental units, AMO recommends that the renovation and repairs be eliminated from the Act so as not to frustrate or interfere with necessary building maintenance in order to meet with municipal standards.

6. The current approval criteria should be preserved in order to maintain the flexibility municipalities require in order to apply the criteria to local circumstances. Furthermore, the Provincial Government should define the term "affordable" in such a way as to be consistent with its recent Policy Statement on Housing.

7. The Association recommends that an appeal to Cabinet be dropped as part of the appeals process of the Rental Housing Protection Act.

8. In order to avoid inconsistency and duplication of effort, AMO recommends that the Ministry return condominium approval authority to municipalities which had been responsible for approval before the Act was enacted.

9. AMO recommends that municipalities be allowed to enforce municipal zoning by-laws and that the Act should not apply to units which contravene zoning by-laws.

10. Recognizing the importance of information as a means of policy evaluation, the Association recommends that the Provincial Government develop the capability to assess and monitor the loss of rental stock resulting from conversions, renovations and demolitions in order to evaluate the appropriateness and effectiveness of the Rental Housing Protection Act.

11. The Association recommends that a joint Ministry of Housing/Association of Municipalities of Ontario planning group be struck to develop alternative measures to the Rental Housing Protection Act and to develop a framework for dealing with the preservation of the existing supply of rental housing; and

    That the Ministry of Housing provide staff resources to the planning group.

PUBLICATIONS ISSUED IN THE "AMO REPORT" SERIES

86-1 Response to the Ministry of Housing's 1985 Non-Profit Housing Proposal
86-2 Compulsory and Binding Arbitration: A Proposal (1984 edition)
86-3 Response to the Report Taxing Matters: An Assessment of the Practice of Property Taxation in Ontario ($10.00)
86-4 Response to Ministry of Housing's Guidelines for the Redistribution of Funds under the Ontario Home Renewal Program
86-5 Report on Amendments to the Planning Act, 1983/Addendum to AMO Report 86-5
86-6 AMO Submission to Provincial Premier and Executive Council of Ontario
86-7 Response to Provincial Government Discussion Paper on "Pay Equity"
86-8 Response to the Preliminary Report of the Advisory Committee on Municipal Liability Insurance
86-9 Response to the Report of the Commission of the Financing of Elementary and Secondary Education in Ontario
86-10 Housing Rehabilitation in Ontario
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86-15 Response to "Issues and Options: An Interim Report on Municipal Elections in Ontario" ($10.00)
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88-9 Municipal Authority to Regulate Occupancy on the Basis of Relationship
88-10 AMO Response to Bill 170 - Aggregates Resources Act

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